

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 27th day of September, 1996

Served: October 3, 1996

Ninety-day Notice of

LYNDEN AIR CARGO, INC.
d/b/a LOKEN AVIATION, INC.

under 49 U.S.C. 41734 and 14 CFR Part 323
of intent to terminate service at Pelican and Elfin Cove,
Alaska

Docket OST-96-1686

ORDER ALLOWING TERMINATION OF SERVICE

On September 9, 1996, Lynden Air Cargo, Inc. d/b/a Loken Aviation, Inc. filed a 90-day notice of its intention to suspend its subsidy-free service at Elfin Cove and Pelican, Alaska, effective December 8, 1996. Loken Aviation provides a single daily round trip at Elfin Cove and two daily round trips at Pelican to the Juneau air service center. Wings of Alaska provides a round trip to Elfin Cove twice a week and a round trip to Pelican six times a week, also to Juneau.

Elfin Cove's current essential air service definition, as set forth in Order 8-1-147, dated January 25, 1980, requires one scheduled round trip and five flag stop round trips per week to Juneau with small equipment during the peak period and five flag stop round trips to Juneau in the off-peak period. Service is limited to a maximum of two intermediate stops and may be provided with small equipment, i.e., 10 seats or smaller.

Pelican's current essential air service definition, also set forth in Order 8-1-147, requires six round trips per week to Juneau year round. Service is limited to a maximum of two intermediate stops and may be provided with small equipment.

Flights meeting our essential air service guidelines at Alaskan communities may be operated with small equipment (10 or fewer passenger seats). Flights must provide sufficient capacity to accommodate both cargo and passenger demand. Essential air service must also be operated at

reasonable times taking into account the needs of passengers with connecting flights at such airports and at rates, fares and charges which are not excessive when compared to the generally prevailing fares of other air carriers for like service between similar pairs of points.

In support of its notice Loken Aviation states that decreased demand for air service at Elfin Cove and Pelican together with increased operational costs have resulted in financial losses and prompted it to file its notice to suspend service.

We have decided to take no action to prohibit Loken Aviation from terminating its service at Elfin Cove and Pelican effective December 8, 1996, i.e., at the end of its 90-day notice period. In addition, acting on our own motion we have decided to allow Loken Aviation to exit the points short of the full 90-day notice period, specifically, as early as ten days following the service date of this order, because (1) there is another established carrier operating at both communities, and (2) requiring Loken Aviation to serve the full 90 days of the notice period would cause financial harm to both carriers. Wings of Alaska has stated informally that the combined traffic at the two points is sufficient for it to serve the markets profitably. Thus, absent Loken Aviation's service, scheduled air service that meets the communities' essential air service requirements will continue to be offered by Wings of Alaska, an experienced and reliable carrier that is well established at both points.

In light of our actions in this order, if Loken Aviation elects not to suspend service, its decision would be voluntarily, and the carrier would not be eligible for subsidy.

As a final matter, before Loken Aviation suspends service, we expect it to contact all passengers that hold reservations for flights that will be suspended, to inform them of the suspension and the availability of alternative service by Wings of Alaska in the Juneau market.

This order is issued under authority delegated in 49 CFR 1.56(i).

ACCORDINGLY,

1. The Department will take no action to prohibit Lynden Air Cargo, Inc. d/b/a Loken Aviation, Inc. from terminating its scheduled service at Elfin Cove and Pelican, Alaska, effective at the end of its 90-day notice period December 8, 1996;

2. The Department, acting on its own motion, will grant Lynden Air Cargo, Inc. d/b/a Loken Aviation, an exemption from 49 U.S.C. 41734 to allow it to suspend service at Elfin Cove and Pelican on less than 90-days notice, effective on the tenth day after the service date of this order; and

3. The Department will serve a copy of this order on the Cities of Elfin Cove and Pelican, the Governor of Alaska, the Alaska Department of Transportation and Public Facilities, Wings of Alaska and Loken Aviation, Inc.

By:

CHARLES A. HUNNICUTT

Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://www.dot.gov/dotinfo/general/orders/aviation.html>*